

COMMITTEE ON FINANCE

May 21, 2002

Upon Recess of BMA

Mayor Baines called the meeting to order.

The Clerk called the roll. There were fourteen Aldermen present.

Present: Aldermen Wihby, Gatsas, Guinta, Sysyn, Osborne, Pinard,
O'Neil, Lopez, Shea, DeVries, Garrity, Smith, Thibault, Forest

Messrs.: Attorney Karen McGinley, Kevin Clougherty, Brian Dacey,
Attorney Anthony Marts, Randy Sherman, Stephanie Lewry,
Chief Kane

Mayor Baines addressed Item 5 of the agenda first:

5. Bond Resolution and Resolution relative to the Bridge & Elm Development

Project:

“Authorizing The Issuance of Bonds and Notes for the Manchester Place LLC Parking Garage Construction (\$5,000,000). Authorizing the Mayor and Finance Officer to Seek Alternative Sources of Funding for this Project, Authorizing the Execution of a Purchase and Sale Agreement with the Proposed Developer of the Bridge and Elm Property, Providing for the Use of a Design Build Process for the Construction of the Proposed Public Parking Facilities to be Constructed at the Bridge and Elm Location and Authorizing the Mayor and Any other Designee Thereof to take any and all Other Actions to Accomplish the Purposes of this Resolution.”

“Amending the FY2000 & FY2002 Community Improvement Program, transferring, authorizing and appropriating funds in the amount of Five Million Five Hundred Thousand Dollars (\$5,500,000) for FY2002 CIP 613402 Bridge & Elm Development Project.”

Alderman Wihby in reference to the parking garage asked, Randy, is it taxable now that the City owns it.

Mr. Sherman replied the garage will be taxable to the developer.

Alderman Wihby stated if the developer bought it on their own or took it over, it's still taxable. Rick Fradette said earlier that the developer was on the line financially for this development, are there personal guarantees that are going to be signed?

Attorney McGinley replied the developer is a Limited Liability Company and there are not personal guarantees.

Alderman Lopez asked could she repeat that, your Honor.

Attorney McGinley reiterated the developer is a Limited Liability Company and there are no personal guarantees given by the individuals.

Alderman Wihby asked can you tell us what happens if something goes wrong?

Attorney McGinley replied the mortgage that is given to secure the promissory note at closing for the remainder of the purchase price is secured by a second mortgage on the property. In reality, if there is a problem that is an unsecured mortgage because it would be behind a significant debt. The garage is owned by the City and is not subordinate to any other interest and so there would be no risk at that point. The agreement to run the garage by the owner of the property is tied to the rest of the property so any buyer at foreclosure be it the bank or another developer would have to honor all of the obligations.

Alderman Wihby asked can you come up front because I'd like you to go over this again, slowly.

Mr. Dacey stated can I add a parenthetical to that which would be we would have lost \$7.2 million at that point, as well.

Alderman Wihby stated I want to start from the very beginning and you're very familiar with what happened with Grossman's and how we didn't have any guarantees and they could go for 10 years without getting anything from the City. Can you take us through what happens next as far as how long...I heard something like they can go until April...that chart that was up here...April 2005 without doing anything on that property or whatever...can you just go through that and then what happens...they're going to put up \$7.5 million somewhere, so I assume that...

Mayor Baines asked we start again if you would introduce yourself again and especially for people at whom so they will know who you are.

Attorney McGinley stated my name is Karen McGinley and I have acted at the Attorney for the MDC in the negotiations and there was a real estate attorney for the City also who negotiated portions of their document pertaining specifically to the City. If you look at the project schedule there are three columns with dates. The first two columns are projected dates by the buyer. The first column I would deem that they're optimistic with what they're shooting for. The second column is the maximum schedule that they expect. The third column is the maximum schedule in the agreement, absent any tolling. There is a provision in the agreement that dates could be tolled in the event that there are events caused by such as an appeal of a Planning Board decision or ZBA decision.

Alderman Wihby stated so \$750,000 is the selling price, they're paying \$400,000 up front.

Attorney McGinley stated they're paying \$400,000 as a total deposit and another \$350,000 at closing.

Alderman Wihby stated closing could be 2004.

Attorney McGinley replied right.

Alderman Wihby stated so between now and 2004 the land is tied up, no one can look at it again and they might not go forward with any development.

Attorney McGinley stated they have an obligation to pursue the permits that they need to develop the project and in order to do that they have to spend a substantial amount of funds. They advised us that they currently have about \$225,000 invested in this project. So, there is an investment in the land by them and the project in soft costs to get to the point at which they can close. If they don't close, we do get all of that material, it does have some use, but a limited use.

Alderman Wihby stated we already have that material, we got it once and we got the same line from Grossman's development that we were going to get some money...I just can't believe what I'm hearing. We're going to get \$50,000 when, now?

Attorney McGinley replied it will be paid in three payments.

Alderman Wihby stated and they lose that or do they get that back.

Attorney McGinley replied it becomes non-refundable once this site plan approval is granted.

Alderman Wihby stated which could be as far as May 2004, they can't go further than that.

Attorney McGinley stated the maximum schedule absent some tolling due to an appeal or another tolling would be March of 2003.

Mayor Baines stated our goal would be just to get it through the approval process. We're just trying to be realistic with the approval...

Attorney McGinley stated the outside dates of March 2003 is so that is was a realistic date.

Alderman Wihby asked did we learn anything from the last time we came forward which is when the Board asked how come we're putting something out so far ahead and not getting anything for it and not tying the developer's hand. You were involved with that the last time.

Attorney McGinley stated I was involved in that last time. This transaction is a little bit different in that it does not involve a lease and the time frames are a bit different. But, that transaction terminated during the due diligence, it terminated very early, so the site was not tied up for very long. There is one time frame that runs concurrently with the site plan approval and that is their final due diligence, it has an absolute time period of ninety (90) days.

Mr. Dacey stated, Alderman, can I just point out that so much of this is driven by the approval process and there's 270 in there. The minute we get that approval everything collapses in terms of the outside schedule and that's why we presented it the way we did here which I think is a realistic...

Alderman Wihby asked when is the outside date that you can go for the approval? What stops you from going to May 4th and then looking for approval?

Attorney Marts replied there is a requirement that we begin that application process within thirty (30) days of signing this contract and that we in fact have an application...

Alderman Wihby asked signing it when? When we vote?

Attorney Marts replied when you vote. And, that we're in fact in front of the Planning Board within ninety (90) days of signing the contract. In addition, there are monthly reports to the MDC and the City and if the City or the MDC deem the developer not to be diligently pursuing its application you have a right to terminate this contract.

Alderman Wihby stated so if you don't do anything for four months we could terminate.

Attorney Marts replied yes, Sir.

Alderman Wihby in reference to impact fees (\$100,000) that's because you expect children, is that what the impact fees are for?

Mr. Dacey replied we budgeted \$100,000 in impact fees based on what we've been told we should consider by the Planning Board. Now, how that judgment gets made I'm not sure. Actually, it's been built into our budget for a while.

Attorney Marts stated there is no special deal on impact fees whatever they are charged on a per unit basis, they are being paid by this project.

Alderman Wihby in reference to the \$5 million price that Alderman Shea was talked about if it's \$5.4 million we have audits on that so whatever the number is the number is.

Mr. Dacey stated the City gets the benefit of a lower number.

Alderman Wihby stated we're getting \$500,000 in taxes, the debt service is \$460,000, the taxes is based on the valuation now. So, let's say you do build something that is \$35 million or \$40 million it comes out and you use your own equity and it comes up we're still getting the taxes on that amount, not on what you're saying the value is today.

Mr. Dacey replied whatever the value is, yes.

Alderman Wihby in reference to the rent of \$2,000 asked what was the number you asked the last time?

Mr. Dacey replied for a 2-bedroom apartment we're in the range of \$1,500 to \$1,700.

Alderman Wihby asked is that the going rate now or is that high?

Mr. Dacey replied relative to luxury properties in the suburbs we're a little bit higher relative to Wall Street we're probably 20% higher.

Alderman Wihby asked you've done some numbers that show that people are interested?

Mr. Dacey replied we've done a \$15,000 marketing study that looks at every competing property within 10 miles.

Alderman Wihby asked it doesn't scare you.

Mr. Dacey replied no. In fact, there's one point I'd like to make which is one of the things that we are trying to do here is to bring the luxury quality unit and that luxury quality rent to Manchester. To do that, the only problem we have is parking. The competitive properties all have 3.5 acres of parking for this kind of development. So, what we're really trying to do here is take that 3.5 acres, put it in the garage, attach it to this building then we can deliver that kind of product and get those kinds of rents and I've heard that in the background here and I want to make sure we address that; that is why we are asking to build the garage and we're fortunate that the numbers can work out, we think, so everybody benefits financially.

Alderman Wihby asked if you make it into a condo or sell the building or paid in full except that there is something that says on page 2 "other than security" what does that mean?

Attorney Marts replied that means that from a legal perspective a transfer of the property includes giving the bank a mortgage on the property. So, when we say a transfer "other than for security" we mean we can give a mortgage to the bank, but we can't sell the property outright.

Attorney McGinley stated it's not security as in stock.

Alderman Wihby asked can you sell it or transfer it to someone else so that it is no longer yours but someone else's without paying the City.

Attorney Marts replied no, we cannot.

Attorney McGinley stated the purchase price for the MDC is due. Any payments continue pursuant to the garage agreement.

Alderman Wihby asked could you explain that again.

Attorney Marts stated the provision you're looking at relates to the MDC mortgage. If in fact, there was an outright sale of the property the MDC mortgage would be paid in full. It's likely that the HUD 108 money would be paid in full because it's in an equal status with the MDC mortgage. The garage lease would be assignable to that next owner and they would have to assume those obligations going forward.

Alderman Wihby stated the same as the original owner.

Attorney Marts replied that is correct.

Alderman Wihby stated where they could buy it and all that stuff eventually.

Attorney Marts replied that is correct.

Alderman Garrity stated questions for Randy. Randy, let's say they purchase the land on April '03 are they assessed on the tax value of the land and also while they're under construction?

Mr. Sherman replied yes. As soon as they own the land they start getting taxed on it. Actually, what we did out in '04 to even encourage them not to go all the way to the end was if they haven't purchased it by March 31, 2004 they actually start making a payment to the City in lieu of taxes on a monthly basis equal to that pro rata share of property taxes.

Alderman Garrity asked the assessed value is what \$1.3 million or something like that?

Mr. Sherman replied it's about \$572,000 on the land.

Alderman Lopez in reference to the \$500,000 we get from HUD we're going to be putting into this project and also in conversation with you we'll have about \$48,000 left...could you tell me if you had ten businesses Downtown, retail spaces that want to move Downtown that money could be used for that?

Mr. Jabjiniak replied the money we have from HUD is to encourage redevelopment and rehabilitation of properties. It is used for acquisition and renovation or rehabilitation. It can also be used for new construction. If I have ten new businesses coming Downtown and they want to buy a building and renovate it, certainly they can come to see us. Yes, we do have \$48,000 after you deduct the

\$500,000 that's set aside for this project...the previous Board actually authorized the application for an additional \$6 million of a line of credit with HUD. We have a capacity of \$11 million, we have \$5 million existing and we've been authorized to apply for the remaining \$6 million.

Alderman Lopez stated we have a lot of second and third floor businesses Downtown that could make apartments just like they did with the Bond Building and a few others and they're pretty good apartments there and they're all taken care of. Why would we encourage...I know we talked about this about three years ago with MDC to encourage the businesses to make apartments on the second and third floors.

Mayor Baines stated we have an effort that's on-going within City government now looking at some of the smart codes for building that makes it more cost effective to do something like that, Alderman, so that is an issue that we have on-going right now that hopefully we'll be reporting back to the Board of Mayor and Aldermen at some other time but, Bill, you may want to amplify that.

Alderman Lopez stated you indicate you seek additional financing programs may be available for this project. So, is this going to be an on-going...wherever you can get money you're going to throw into this project, is that what that means?

Mr. Jabjiniak replied no, I don't believe so. I think that what we've outlined for your today is what we are pursuing, what we have access to. I think they've already made the statement that they are not coming back to us asking for additional funds. We've identified the sources that we have available. The only thing I want to keep open is if a new pot of money opens up to us that we can apply for a grant, I want that ability to apply for it, but I'm certainly not looking to add to their total development cost.

Mr. Dacey stated, Alderman, let me be clear on our behalf. We're not looking for anything else. We're not looking for other grants, we're not looking for other loans, what you have in front of you...

Alderman Lopez stated what I have in front of me is no good then, is that what you're saying?

Mr. Dacey replied I think it's a more general reference. The attorney's can explain the language, let me tell you in plain English we're not looking for anything other than what's before you tonight and we're not looking for other funds in addition.

Alderman Lopez stated I appreciate your explaining it because the document is pretty thick.

Attorney McGinley stated there was a lot of pressure to make the summary submitted to this Board as short as possible and there are two other financing programs that perhaps Tony can explain that were just what those referred to.

Attorney Marts stated as you know from the Letter of Intent that we signed in January, I believe, one of the programs we looked at was a Fannie Mae program. This provision is there in the event we have a Fannie Mae type program where the City or the MDC needs to act as a conduit for the flow of that money. So, it's not an additional program, it's one that we potentially identified and we just want to keep that option open as we go forward and again any program such as that would be done at no additional cost to the City and it would be really the City or the MDC merely acting as a lending conduit for those programs.

Mayor Baines asked the Finance Officer to clarify on that point also.

Mr. Clougherty stated with respect to your question. If you look at the actual resolution Section 6 it reads: "Notwithstanding any provision hereof to the contrary, the Mayor and Finance Officer are hereby authorized and directed to seek alternative sources of funding for this project, and to the extent that any such alternative funding sources are made available for this project, regardless as to the source thereof, the borrowing authorized by this resolution shall be reduced accordingly." So, it's not additional in the sense of additional raising the cost of the project or raising the City's commitment, it's looking at alternatives.

Alderman Shea stated my friend Dave Wihby whom I always agree with voting wise...anyway, he brought up the question of marketing and could you indicate... you said you have a \$15,000 marketing study. I wondered once the project is underway, when do you expect say partial occupancy, half occupancy and then full occupancy because that is a concern obviously that you people have, but we have that as well.

Mr. Dacey replied our projection is in the first month we opened we'd have about ten to twenty percent of the units leased and occupied when we opened...the balance would be filled over the next 12 months, so it's basically a one-year...

Alderman Shea stated my second question is there are retail shops that are proposed, will they be leased or will you people own those shops and lease them.

Mr. Dacey replied we will act as the Landlord and lease them to the appropriate retail users. As I've mentioned previously we would look for uses that are compatible with this development (i.e., bookstores or coffee shops) or whatever the case may be something that's compatible with a residential building.

Alderman O'Neil stated I have some comments to make, I don't have any questions and I can save my comments for a little later...but if they're appropriate, I'll say them now.

Mayor Baines stated I'll come back.

Alderman Gatsas in reference to page 4 of the Summary stated I have two questions. When you talk about the project and you talk about 255,000 square feet at a cost of at least \$90.00 per square foot. If I just do some simple math with the calculator here it comes out to about \$23 million. Now, that seems like there is a \$9 million...

Mr. Dacey stated first of all it's just a construction cost in the City and MDC had a concern that they wanted to make sure that we built the project to a certain level of quality so they asked that there be some kind of a floor. We actually expect our construction costs to be \$10 or \$20 a square foot higher than that, but they said we want to make sure that you don't drop it down and then in some way build a real inexpensive, cheap property. So, they set a floor for that, but we'll spend more than that.

Alderman Gatsas stated if I took the \$32 million and divided it by 255,500 square feet, I would come out to \$125 a square foot...so, if you change that number you would not be objectionable then to change that number to \$120 a square foot.

Mr. Dacey replied yes I would because that is the development cost, that's not the construction cost.

Alderman Gatsas stated tell me what the difference is.

Mr. Dacey replied you're included soft cost in your \$32 million number. So, there is architectural fees and that's different from the hard cost \$90 a square foot.

Alderman Gatsas asked would you have a problem increasing that to \$110 a square foot.

Mr. Dacey replied yes.

Alderman Gatsas asked would you have a problem increasing it to \$100 a square foot?

Mr. Dacey replied a little less of a problem, but a problem nevertheless.

Alderman Gatsas stated the next question I have is if you go down to the operation of the garage which is the second bullet point from the garage it says "the term may commence earlier if the project achieves a certain level of occupancy." What's the percentage of occupancy before you must meet the obligation?

Attorney Marts replied what we are talking about is a rent stabilization date which is 90% occupancy for a period of 60 consecutive days which is a HUD-based formula for converting from construction financing to permanent financing, but we also have what we refer to as a drop dead date of January 1, 2006 or 18 months after the issuance of the Certificate of Occupancy. Whichever date occurs earliest, so the worse possible case is that revenue sharing begins January 1, 2006.

Alderman Gatsas stated obviously you probably can't give it, but I would assume that at some point this Board should be provided with a number that if you have an occupancy of 179 units and keep that number under the 180 which is the 90% because I believe that those were some of the parameters that were built with the Plaza that if they built a certain level of occupancy they're taxes were in lieu of full occupancy numbers. So, I guess my question is why would we have that number in there? Why would the City be concerned with the revenue sharing if you kept the number at 179 units versus 180.

Attorney Marts replied we have an effective start date of January 2006 irrespective, so that's the protection to the City that they're not concerned with the level of occupancy.

Mr. Dacey interjected so put another way we can't drag that out.

Alderman Gatsas stated if you were January 1, 2005 and you had 179 units, I guess my question would be is what that percentage would mean to the City and what that percentage would mean to you for not putting in one more unit because I know it was a big deal...

Mr. Dacey stated I don't have the exact numbers, but I could tell you quickly that the revenue difference in getting that rent is much more advantageous than this garage payment...we're talking about rents that as we were saying anywhere from \$1,400/\$1,700 a month...multiply that by 20, that's a lot of money over the course of the year; that isn't going to come close on the garage.

Alderman Gatsas stated I guess I'm back to the \$90 per square foot, I would think that there should be some number. What are you using for a site cost, not construction cost per unit?

Mr. Dacey asked do you mean just the purchase price?

Alderman Gatsas stated I'm saying everything you're saying that the \$90.00 is construction cost and I'm saying the next \$9 million then must be other.

Mr. Dacey stated that's a floor, that's not the budgeted number. The City said to us we don't want you dropping below a certain floor and that's why we set that number. We need some leeway there because a lot of things can change... construction numbers, cost in the industry could change...it's just hard to be nailed to one particular number. The idea of the floor is what the City presented, we spent maybe three days negotiating that number which was a lot of thought put in by both sides and it seemed a fair way to do it.

Attorney Marts stated that \$90.00 is calculated to generate, at a minimum, a \$24 million tax assessment which is, I believe, the number's as they're calculated out and that is going to then translate at today's tax rate...is more than enough money to pay the bonding costs.

Alderman O'Neil stated maybe we can bring some closure to this this evening. I want to thank the development team for their commitment to the City of Manchester. I also would like to recognize the City staff and the MDC for their hard work on this project. Economic development projects are not easy. Today, more than ever, you need public/private partnerships. The City has participated in the past with projects such as the Center of NH and Hampshire Plaza. More recently, the City has partnered in the Chase Building, Bond Building and Dunlap Building rehabs. We've also been asked to consider partnering in the Courthouse Square project. In my opinion, this is a win for the City of Manchester and its citizens. Two Hundred units of residential housing in Downtown Manchester. The economic impact is estimated to be between \$4 and \$6 million. Five Hundred thousand Dollars in tax revenues more than offset the City's debt service for the parking garage. It eliminates a major eyesore in the City of Manchester. It creates an image of economic activity in the City and I think that's something you can't put a value on. In my opinion, when you see a crane that's good, that's a good sign. It may help attract or even retain businesses that might have employees that want to live in the Downtown setting. I know I have visited over the past with

many of our high tech firms in the Millyard and their employees have shown a concern that they are not able to live in Downtown Manchester. I plan on voting in favor of the project tonight and I would encourage my colleagues to do the same.

Alderman Thibault stated the Alderman has stolen some of my thoughts but I do have a few other things. I wonder if this Board has ever even thought about the amount of time that the MDC Board, although the professionals that sit on that Board and what they have tried to do for this City and what they're trying to do constantly over and above the time that Alderman Sysyn and myself sitting on this Board. I've been here for about 15 years and I've seen many projects go through such as Alderman O'Neil and Alderman Wihby and a few others maybe...let me tell you, I cannot imagine what this City would look like if some of these former Boards had not gone along with the projects that Alderman O'Neil just brought out. Where would the City be today without the Verizon Arena, without Hampshire Plaza, without the Center of NH. This is another way for us to show that we are willing to invest in our City and we are having people that are willing to come here and give us the idea that they feel that they can make this project very successful. I only hope that this Board takes into account the work that's been put into this and goes along and votes in favor of this. I certainly will second that motion, your Honor.

Mayor Baines stated there's no motion yet because we have some procedures to follow and called upon Alderman Gatsas.

Alderman Gatsas asked, Mr. Jabjiniak, have you talked to the developers at all about personal guarantees?

Mr. Jabjiniak replied no we haven't due to the fact that they are a Limited Liability Corporation.

Alderman Gatsas stated are you saying we have no other Limited Liability Corporations that we have required personal guarantees from.

Mr. Jabjiniak replied no, I have not.

Alderman Gatsas asked no, you have not what?

Mr. Jabjiniak replied I'm not saying that, I'm simply saying that we have not talked about personal guarantees with these particular developers for this project.

Alderman Gatsas stated but we have limited liability companies that we have required personal guarantees from.

Mr. Dacey stated it has been discussed, I don't think you have comparable projects of this size with this kind of equity in the project, I think that's the difference. For a \$50,000 or \$100,000, million dollar project personal guarantees happen. Here, we're talking about \$7 million of cash that goes into this and that's park and bind cash and that says a lot, we think.

Mayor Baines stated a motion would be in order to read by titles only:

“Authorizing The Issuance of Bonds and Notes for the Manchester Place LLC Parking Garage Construction (\$5,000,000). Authorizing the Mayor and Finance Officer to Seek Alternative Sources of Funding for this Project, Authorizing the Execution of a Purchase and Sale Agreement with the Proposed Developer of the Bridge and Elm Property, Providing for the Use of a Design Build Process for the Construction of the Proposed Public Parking Facilities to be Constructed at the Bridge and Elm Location and Authorizing the Mayor and Any other Designee Thereof to take any and all Other Actions to Accomplish the Purposes of this Resolution.”

“Amending the FY2000 & FY2002 Community Improvement Program, transferring, authorizing and appropriating funds in the amount of Five Million Five Hundred Thousand Dollars (\$5,500,000) for FY2002 CIP 613402 Bridge & Elm Development Project.”

Alderman Thibault moved that the Resolutions be read by titles only. Alderman Guinta duly seconded the motion. There being none opposed, the motion carried.

Alderman Guinta moved that the Resolutions ought to pass and layover. Alderman Thibault duly seconded the motion.

Alderman Wihby asked why is it \$5.5 million?

Mayor Baines requested Mr. Jabjiniak to clarify.

Mr. Jabjiniak replied it's the \$5 million with the bonds and \$500,000 of Section 108 money.

Deputy Clerk Johnson advised the Board that this is not the final action, obviously, as it will come as a report of the Committee on Finance if it does pass by simple majority.

A roll call vote was taken on the motion that the Resolutions ought to pass and layover. Aldermen Guinta, Sysyn, Osborne, Pinard, O'Neil, Shea, DeVries, Garrity, Smith, Thibault, Forest and Wihby voted yea. Alderman Lopez voted nay and Alderman Gatsas abstained. The motion carried.

On motion of Alderman Forest, duly seconded by Alderman Shea, it was voted to recess the Finance Committee meeting to return to the regular Board meeting.

Mayor Baines called the meeting back to order.

Mayor Baines addressed item 3 of the agenda:

3. Report of the Committee on Community Improvement recommending that Resolution:

“Amending a Resolution ‘Approving the Community Improvement Program for 2003, Raising and Appropriating Monies Therefore, and Authorizing Implementation of Said Program.’ ”

be amended as follows:

1) Amend Table 4 General Obligation Bonds

- a) by decreasing 811003 Human Services Building by \$200,000 (from \$2,950,000 to \$2,750,000);
- b) by eliminating 811003 Human Services Building in the amount of \$2,750,000 (previously expedited as \$2,750,000 for the 2002 CIP 811502 Municipal Facility Building Acquisition Project);
- c) by decreasing 510603 Livingston Park Pool & Bathhouse by \$135,000 (from \$900,000. to \$765,000); and

- d) by adding 511203 Park Capital Improvements in the amount of \$335,000 designated for projects as follows:
 - \$75,000 Raco Theodore Park swimming pool design
 - \$75,000 Crystal Lake Land Acquisition
 - \$50,000 Derryfield Park
 - \$135,000 Prout Park Improvements.

2) Amend Table 3 City Cash

- a) by decreasing 510403 Park Improvement Program by \$55,000 (from \$140,000 to \$85,000);
- b) by increasing 215003 NH Minority Health Coalition by \$5,000 (from \$14,000 to \$19,000);
- c) by adding new project 215503 Boys & Girls Program to be administered by Manchester Boys & Girls Club in the amount of \$25,000;
- d) by adding new project 215603 Youthbuild Program to be administered by Odyssey House in the amount of \$10,000;
- e) by increasing 310103 Employee Training & Development by \$15,000 (from \$30,000 to \$45,000); and
- f) change the administering agency of project 612103 Summer Concert Series & Festival Support from Intown Manchester to "Intown Manchester/For Manchester".

The Committee notes that such changes in the resolution shall not require changes to the bottom line amounts of any tables within the resolution.

Alderman O'Neil moved to accept, receive and adopt the report of the Committee on CIP. Alderman Pinard duly seconded the motion.

Alderman Guinta stated there is an issue I had with Item f) under number 2 and if I could direct my comment to particularly the Chairman of the Board...the concern that I had with this issue is that the Concert Series by Intown Manchester has already been set, therefore, is depending on the \$29,000 for this current summer. I wonder if there would be an objection for me to delete Item (f) from the motion so

we can keep that \$29,000 for that concert series and deal with future concert series after this summer.

Alderman O'Neil replied I have no problem with that, Alderman Guinta, is that there are other groups sponsoring some of these other concerts Downtown and they feel that they deserve as much of a share of the money as Intown and I think that's where some of the discussion at the CIP Committee meeting was...I want to call them the Hanover Street Merchants Association through For Manchester has been doing some concerts, I'm hoping that if we did do that that wouldn't affect what they're trying to do either. I guess the only other thing I have a concern with is that someone is committing before we have even approved money.

Alderman Guinta stated I think it was in the CIP request and I think there was an informal (if that's the appropriate term) approval because of the time requirements to schedule the concerts.

Alderman O'Neil stated I guess we have to remind people to use caution with that because theoretically with any of these programs they can't be committing money before the Board approves the CIP budget. We do do an expedited on some capital projects but if you're comfortable with that I guess the only thing I would ask is that you try to get the parties together to discuss how they can share resources because I don't believe that's happening currently. And, I'll second Alderman Guinta's motion.

Mayor Baines stated I don't think we have a motion yet, do we, Carol?

Deputy Clerk Johnson replied I think what Alderman Guinta is attempting to do is to have the report amended by deleting item (f) from the second item.

Alderman Guinta moved to amend the report of the Committee on CIP by deleting Item (f) from number 2. Alderman O'Neil duly seconded the motion.

Alderman Lopez stated by doing this the \$29,000 goes to Intown.

Deputy Clerk Johnson replied that is correct.

Alderman O'Neil asked for clarification. Stephanie indicates in her letter that she's doing all of these other concerts, but I don't think she is, is she?

Alderman Guinta replied yes, I have the concert schedule here.

Mayor Baines requested Ms. Lewry to approach.

Ms. Lewry stated thank you for the opportunity to take this matter up at this late hour. For the past five years Intown Manchester has been doing concerts. We don't have any right to do concerts that supercedes anybody else's right to do concerts, but when I put in my budget this year for CIP request, I put in pretty much of the standard...this is what we usually request type of budget and in April I came before this Committee already having had a budget outline presented to me that had \$29,000 for concerts in it and it had something else eliminated and I came to this Committee to mention that Christmas lights were eliminated. But, nobody had made a request for \$29,000 or any concert money. This request came up one week ago. I don't even know the specific person that is behind it, I think that this is very unprofessional and unbecoming of whoever it is that's behind this.

Mayor Baines stated, Stephanie, I think the only question that was asked was about the concert, I realize you have opinions about the process, I think it's best to focus on the concerts.

Ms. Lewry stated I have five concerts lined up right now. I have not committed any funds for it, but I have contracts and we have verbal commitments and I have not actually put any of the City's money in jeopardy so that if the whole concert series was pulled the City wouldn't lose anything.

Alderman Guinta stated I would like to further clarify that this \$29,000 we're talking about is for this summer series. Assuming there's no objection to removing Item (f) I will certainly sit down with the parties to try to come up with something that might be more beneficial for future series.

Mayor Baines called for a vote on the motion to amend the report of the Committee on CIP. There being none opposed, the motion carried.

Alderman O'Neil moved to accept the report of the Committee on CIP as amended. Alderman Pinard duly seconded the motion. There being none opposed, the motion carried.

Mayor Baines addressed item 4 of the agenda:

4. CIP Appropriating Resolution:

“Amending a Resolution ‘Approving the Community Improvement Program for 2003, Raising and Appropriating Monies Therefore, and Authorizing Implementation of Said Program.’ ”

Alderman Osborne moved to suspend the reading of the Resolution by title only. Alderman O'Neil duly seconded the motion.

Alderman Wihby asked are we going to lay this on the table.

Deputy Clerk Johnson replied following amendment based on the report of the Committee on CIP the motion is ought to pass and layover, so the report coming out to the Board would be the same which makes it layover until the next meeting of the Board and you can amend it at the next meeting.

Alderman Wihby asked can we let it stay until the budget passes too.

Deputy Clerk Johnson replied sure, it can lay on the table as long as you desire.

Mayor Baines called for a vote on the motion to suspend the reading. There being none opposed, the motion carried.

Alderman O'Neil moved to amend the Resolution as outlined in the report. Alderman Wihby duly seconded the motion. There being none opposed, the motion carried.

Alderman Guinta moved that the Resolution ought to pass and layover as amended. Alderman Thibault duly seconded the motion. There being none opposed, the motion carried.

Mayor Baines addressed item 6 of the agenda:

6. Bond Resolution:

“Authorizing Bonds, Notes or Lease Purchases in the amount of Five Hundred Fifty Thousand Dollars (\$550,000) for the 2002 CIP 511202, Derryfield Country Club Rehab. Phase 4 Project.”

Alderman O'Neil moved to dispense with the reading of the Bond Resolution by title only. Alderman Thibault duly seconded the motion. There being none opposed, the motion carried.

Alderman Pinard moved that the Bond Resolution ought to pass and layover. Alderman Sysyn duly seconded the motion.

Alderman O'Neil stated this has nothing to do with the building, this is the physical golf course, correct.

Mayor Baines replied yes. We're not dealing with the building.

Mayor Baines called for a vote on the motion. There being none opposed, the motion carried.

Mayor Baines addressed item 7 of the agenda:

7. Resolutions:

“Amending the 1997 Community Improvement Program, transferring, authorizing and appropriating funds in the amount of Fifty Thousand Dollars (\$50,000) for the 1997 CIP 730271 Rotating Beacon Tower Project.”

“Amending the 2002 Community Improvement Program, authorizing and appropriating funds in the amount of One Hundred Seventy Thousand and Twelve Dollars (\$170,012) for 2002 CIP 210902 Substance Abuse Prevention and Treatment.”

“Amending the FY2002 Community Improvement Program, authorizing and appropriating funds in the amount of One Million Five Hundred Thousand Dollars (\$1,500,000) for the CIP 310402 School Capital Improvement Program.”

“Amending the 2002 Community Improvement Program, authorizing and appropriating funds in the amount of Eight Thousand Three Hundred Ninety Five Dollars (\$8,395) for 2002 CIP 412102 Hazardous Materials Response Planning.”

“Amending the FY2002 Community Improvement Program, transferring, authorizing and appropriating funds in the amount of Three Hundred Thousand Dollars (\$300,000.00) for FY2002 CIP 511202 Derryfield Country Club Rehab. Phase 4 Project.”

“Amending the 2002 Community Improvement Program, authorizing and appropriating funds in the amount of Seven Thousand Six Hundred Forty Seven Dollars and Twenty Eight Cents

(\$7,647.28) for certain Police Projects including 2002 CIP 412002, 412202 and 412.302.”

“Amending the 2002 Community Improvement Program, authorizing and appropriating funds in the amount of Fifteen Thousand Dollars (\$15,000) for the 2002 CIP 810002 Valley Cemetery Master Plan Project.”

“Amending the FY2002 Community Improvement Program, transferring, authorizing and appropriating funds in the amount of Seventy Five Thousand Dollars (\$75,000) for the CIP 811402 City Motorized Equipment Replacement Project.”

Alderman Shea moved to dispense with the reading of the Resolutions by titles only. Alderman DeVries duly seconded the motion. There being none opposed, the motion carried.

Alderman Osborne moved that the Resolutions ought to pass and be enrolled. Alderman Sysyn duly seconded the motion. There being none opposed, the motion carried.

8. CIP Budget Authorizations:

1994	7.40370	Sanitary Landfill Management Closure – Revision 9
1997	7.30271	Rotating Beacon Tower – Revision 3
2000	650500	Section 108 Economic Development Loan Fund-Revision 3
2002	210902	Substance Abuse Prevention and Treatment – Revision 1
2002	310402	School Capital Improvement Program
2002	410702	Streetsweeper
2002	412002	Manchester Police CPS Inspection Station
2002	412102	Hazardous Materials Response Planning
2002	412202	NH Clique 2002
2002	412302	Sobriety Checkpoint – Spring 2002
2002	412402	Manchester Skateboard Park Officer Project
2002	511202	Derryfield Country Club Rehab. Phase 4
2002	511502	School Site Improvements Program
2002	613402	Bridge & Elm Development
2002	714302	Bridge Rehabilitation
2002	714402	Sidewalk Improvement Program
2002	714502	Annual ROW Reconstruction
2002	810002	Valley Cemetery Master Plan – Revision 2
2002	811402	City Motorized Equipment Replacement

Deputy Clerk Johnson noted that CIP #511202 the project description should read “course improvements including rehab of greens and tees and the irrigation system” and adding one additional budget authorization relating to the Manchester Skateboard Park in the amount of \$22,233.75.

Alderman Gatsas in reference to #811402 MER, I believe includes the Fire truck at \$583,000 and I noticed that the Chief suggested that we could save some \$29,000 if we prepaid it does that include the early payment program in this or not.

Chief Kane replied that truck is not in the Motor Equipment Replacement account for this year; that fund is not there; that request that I have is referring to the contract; that would be paid out of next year’s bond balances.

Alderman Gatsas stated I’m looking at Letter T that showed a \$29,000 savings.

Chief Kane stated we included in the contract and the contractor said if we prepaid for the truck there would be a \$29,000 savings and that means that we would have to pay up front for it and that’s not something that we normally do, we normally pay for the vehicle when it gets here and that’s what we’re looking to do.

Alderman Gatsas stated it’s \$582,833 and I want to say it’s a five percent savings roughly, is our money costing us five percent or is it costing us less than this.

Mr. Clougherty replied it’s probably costing us less than this.

Alderman Gatsas asked why wouldn’t be prepay it to save the \$29,000.

Mr. Clougherty replied because you’re putting money at risk. It depends on the vendor, Alderman. What you don’t want to do is give some company \$575,000 and have them go into bankruptcy and have a problem and then have your money out and not have your deliverable and that’s what I think the Chief was saying. The practice has been to make sure that we get the truck and then we make the payment.

Alderman Gatsas asked have we done business with this company before?

Chief Kane replied yes.

Alderman Gatsas asked are they a reputable company.

Chief Kane replied yes.

Alderman DeVries stated normally when the fire trucks are received there's quite a bit of testing that is done by the department in order to verify that it's met the specific orders that were placed for that apparatus.

Chief Kane replied yes. There's a lot of testing that needs to be done, third party testing and testing by our department before we accept the truck and before we make payment.

Alderman DeVries asked would that be part of your hesitancy in prepaying because there could be some problems on receipt and you want to have some leverage?

Chief Kane replied that's been our past practice. We're not really sure which company we're going to be dealing with. Sometimes, we deal with different companies depending on who gets low bid, so past practice has been we pay for it when the truck comes in. If we want to look into paying these trucks up front, we certainly can do that, but I think that that would also have some impact upon this year's bond balance and I believe that's one of the reasons why we're looking at trying to pay for it next year.

Mayor Baines stated, Mr. Clougherty, would you clarify please.

Mr. Clougherty stated we won't have the money available until the next fiscal year so to make a prepayment we have to wait until that time anyway.

Alderman Gatsas stated so this is not in the '03 budget.

Chief Kane stated it's in the '04 budget.

On motion of Alderman O'Neil, duly seconded by Alderman Pinard, it was voted that the CIP budget authorizations be approved, subject to final adoption of related resolutions.

NEW BUSINESS

Resolution:

“Amending the 2002 Community Improvement Program, authorizing and appropriating funds in the amount of Twenty Two Thousand Two Hundred Thirty Three Dollars and Seventy Five Cents (\$22,233.75) for the 2002 CIP 412402, Manchester Skateboard Park Officer Project.”

Alderman Lopez moved to dispense with the reading by title only of the Resolution. Alderman DeVries duly seconded the motion. There being none opposed, the motion carried.

Alderman Smith moved that the Resolution ought to pass and be Enrolled. Alderman DeVries duly seconded the motion. There being none opposed, the motion carried.

TABLED ITEM

9. Resolution:

“ ‘A Resolution providing a supplemental appropriation to the Manchester School District in the sum of \$480,000 for the Fiscal Year 2002’ as amended to \$400,000.”

This item remained tabled.

There being no further business to come before the Committee on Finance, on motion of Alderman Shea, duly seconded by Alderman DeVries, it was voted to adjourn.

A True Record. Attest.

Clerk of Committee